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UNITED STATES
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UNITED STATES OF AMERICA.

Treasury Department.
Department of Agriculture.

Joint Circular No. 1.

REGULATIONS RELATIVE TO FARMERS' SEED GRAIN LOANS IN DROUTH-
STRICKEN AREAS.

WASHINGTON, D. C., *August 2, 1918.*

This circular is issued jointly by the Treasury Department and the Department of Agriculture, and will define the procedure relative to granting seed grain loans to farmers in drouth-stricken areas out of the appropriation for the national security and defense provided for under the act of Congress approved July 1, 1918, and placed at the disposal of said departments by the President of the United States under date of July 26, 1918, and from such other funds as may be appropriated or made available to said departments from time to time for the same purpose:

1. The Federal Land Banks, upon being designated as financial agents of the United States, for that purpose, are authorized to make, and collect when due, seed grain loans out of the funds above described, pursuant to these regulations. Their proceedings will be under the supervision of the Federal Farm Loan Board, and said board is authorized to instruct said banks in all matters in connection with said loans subject to these regulations.

2. The Federal Land Banks, designated as stated above, may in turn designate local banks, or other agencies, to represent them in the taking of applications, the delivery of the certificates of approval, and the receipt, transmission, and recordation of documents. Neither the Federal Land Banks nor any agency acting under them shall be entitled to compensation for services rendered under these regulations.

3. Seed grain loans may be made to farmers in areas determined by the Department of Agriculture to have suffered two successive crop failures from severe drouth or winter killing, and may be made to such individuals as may be found by the Department of Agriculture to have acreage fit for planting, and who, by reason of such crop failures have exhausted their resources and are without commercial basis of credit. No loan will be made to any farmer who has unencumbered real or personal property sufficient to secure a loan of \$300.

4. No seed grain loan will be made to any applicant in excess of \$300, nor in an amount greater than \$3 per acre. Applicants must agree to use seed and methods approved by the Department of Agriculture.

5. Applications for seed grain loans shall be made on the official form of application, of which a copy is hereto attached, and shall be verified by the applicant under oath. The application shall describe the particular acreage to be planted, not in excess of 100 acres. Such applications will be investigated by the Department of Agriculture through such agencies as it may determine, and the approval or disapproval of the application will be certified by its authorized representatives to the Federal Land Bank of the district upon the forms provided for that purpose on the official application blank. Approval may be for a less acreage than that applied for. The Federal Land Bank of the district will then certify its approval or disapproval upon the form contained on the application blank and, if it approve, it will issue to the applicant its certificate of approval in the form attached to these regulations.

6. The amount approved for loan pursuant to these regulations will be paid by the proper Federal Land Bank to the applicant, or on his written order, upon receipt by such Federal Land Bank of the following documents:

(a) Certificate of planting signed by an authorized representative of the Department of Agriculture, that a number of acres sufficient under these regulations to warrant a loan in the

approved amount, have been properly planted with proper seed. Such certificate shall be in the form attached to these regulations. The names and signatures of such authorized representatives will be filed with the several Federal Land Banks by the Department of Agriculture.

(b) Promissory note, duly executed by the applicant, for the amount of the loan, payable to the proper Federal Land Bank as financial agent of the United States, on October 1, 1919, in the Wichita and Houston districts, and on November 1, 1919, in the St. Paul and Spokane districts, as the case may be, with interest at the rate of 6 per cent per annum, and in the form attached to these regulations.

(c) Guaranty fund agreement duly executed and acknowledged by the applicant, providing among other things, that if the crop mortgaged as hereinafter provided, amounts to an average yield of 7 bushels per acre or more, the applicant will contribute to a guaranty fund, at maturity of the above-mentioned note, 15 cents per acre mortgaged (not exceeding 100 acres) for each bushel per acre by which the average yield exceeds 6 bushels per acre, provided that the total of such contribution shall not exceed 75 cents per acre. Such guaranty fund agreement shall be in the form attached to these regulations.

(d) Chattel mortgage upon the crop planted on the land described in the certificate of planting, in favor of the proper Federal Land Bank as financial agent of the United States, duly executed by the applicant in such manner as to entitle it to recordation, and securing payment of the above-mentioned note and the due performance of the obligations of the applicant under such guaranty fund agreement, according to the terms thereof, and containing a provision authorizing such Federal Land Bank, in the event that the applicant fails at the proper time to harvest or thresh the crop mortgaged, to enter upon the premises and harvest or thresh the same, as the case may be, and to sell the crop and to satisfy the lien of said mortgage and expenses incurred thereunder from the proceeds of the crop. Such chattel mortgage will be prepared under the direction of the law department of the Federal Land Bank of the district, and shall be recorded in the proper office under the State laws applicable. In case such laws require that the original mortgage shall remain in the office in which the same shall be filed, the Federal Land Bank may make the loan without requiring that the original be lodged with it, provided that it shall receive in lieu thereof such certificate of the recording officer as shall be sufficient in the opinion of its law department to assure the bank that the original has been duly executed, delivered, and recorded in proper form.

7. Actual expenses of the several Federal Land Banks when shown by sworn vouchers to have been necessarily incurred for stationery, telegraphing, printing, or postage, will be allowed and paid, upon approval of the Federal Farm Loan Board, out of the fund for farmers' seed grain loans hereinabove referred to. Agencies of the Federal Land Banks appointed under these regulations shall not be entitled to incur any expense chargeable against the United States or its financial agents.

8. The primary object of farmers' seed grain loans is not to stimulate the planting of an increased acreage of grain in the drought areas, or even necessarily to secure the planting of a normal acreage, but rather to assist in tiding the farmers over the period of the stress, to enable them to remain on their farms to plant such an acreage as may be determined to be wise under all the conditions, with a view to increase the food supply of the Nation and to add to the national security and defense. It is distinctly not intended to be used to stimulate the planting of wheat or any other grain where such planting is not wise from an agricultural point of view and where other activities are safer.

9. The right is reserved to make further supplemental or amendatory regulations relative to farmers' seed grain loans from time to time, or withdraw these regulations at any time.

L. S. ROWE,
Acting Secretary of the Treasury,
 CLARENCE OUSLEY,
Acting Secretary of Agriculture.

250137
UNITED STATES OF AMERICA.

TREASURY DEPARTMENT.

APPLICATION FOR SEED GRAIN LOAN.

Dated _____, 1918.

I hereby make application to the Federal Land Bank of _____
as financial agent of the United States, for a loan of _____ (\$_____)
upon _____ acres to be planted to _____ upon the following-described
(Kind of grain.)
land, situated in _____ County, State of _____:
(Here insert description of land.)

Such loan is to be made from the fund set apart for the aid of farmers in drought-stricken areas by the President of the United States, out of the appropriation for the national security and defense provided for under the act of Congress approved July 1, 1918, or from such other funds as may be appropriated or made available from time to time for the same purpose.

If this application should be granted, the above-mentioned amount is to be advanced upon delivery to the above-named Federal Land Bank of _____:

(1) Certificate of planting in the form prescribed in the circular mentioned below, duly executed by an authorized representative of the Department of Agriculture;

(2) Promissory note in the form prescribed in the circular mentioned below, duly executed by the undersigned, for the amount of such advance, payable to the above-named Federal

land bank, as financial agent of the United States, on _____, 1919, and bearing interest at the rate of 6 per cent per annum;

(3) Guaranty fund agreement, duly executed and acknowledged by the undersigned, in form and in the terms prescribed in a circular issued jointly by the Secretary of the Treasury and Secretary of Agriculture; such agreement shall provide, among other things, that if the crop mortgaged, as stated below, amounts to an average yield of 7 bushels per acre or more, the undersigned will contribute to a guaranty fund 15 cents per acre mortgaged for each bushel per

acre by which the average yield exceeds 6 bushels per acre, provided that the total of such contribution shall not exceed 75 cents per acre; and

(4) Chattel mortgage, duly executed by the undersigned in such manner as to entitle it to recordation, upon the crops planted on the land described above, to secure the payment of the above-mentioned note and the due performance of the obligations of the undersigned under such guaranty fund agreement. Such chattel mortgage shall be in form approved by counsel for the above-named Federal Land Bank.

I am _____ years old, _____ married, and have _____ children.

I own _____ acres of land which are mortgaged for \$_____ to _____

I own _____ horses and mules, valued at \$_____, which are mortgaged for \$_____ to _____

I own _____ cattle, valued at \$_____, which are mortgaged for \$_____ to _____

I own _____ hogs, valued at \$_____, which are mortgaged for \$_____ to _____

I own _____ sheep, valued at \$_____, which are mortgaged for \$_____ to _____

I own _____ farming equipment, valued at \$_____, which is mortgaged for \$_____ to _____

I own _____ which is mortgaged for \$_____ to _____

I planted _____ acres of _____ in 1916, from which I harvested _____ bushels in 1917.

I planted _____ acres of _____ in 1917, from which I harvested _____ bushels in 1918.

I hereby certify that I have _____ acres under cultivation which I desire to plant to fall _____ in 1918, but that by reason of crop failures in 1916 and 1917 and

encumbrances on my real and personal property, I am unable to procure seed for planting the same and that I have not borrowed and can not borrow money from any bank for the purpose of procuring seed for 1918 planting.

If this application should be granted, I agree to use such seed and methods of agriculture as may be approved by the Department of Agriculture, through its local representatives.

(Signature of applicant.)

STATE OF -----,

County of -----, ss:

-----, being duly sworn, deposes and says that he has read the foregoing application, and that the same is true.

(Signature of applicant.)

Sworn to before me this ----- day of -----, 1918.

[SEAL.]

(Official title.)

My commission expires ----- 191----

NOTE.—This application may be sworn to before any officer authorized to administer oaths and having a seal, which must be affixed.

DEPARTMENT OF AGRICULTURE.

I hereby certify that I have investigated the foregoing application; that the applicant has
----- the stated acreage fit for planting; that he has the reputation of being a -----
----- farmer and has ----- the necessary equipment.

I further certify that I have investigated the applicant's statement of his financial condition, and find the same correct and that he has no commercial basis of credit. I find that his general reputation is -----

I therefore recommend that the application be ----- granted.

Dated this ----- day of -----, 1918.

Agent.

DEPARTMENT OF AGRICULTURE.

The above application is hereby approved, this ----- day of -----
1918.

TREASURY DEPARTMENT.

The above application is hereby approved this ----- day of -----
1918.

THE FEDERAL LAND BANK OF -----,
Financial Agent.

By -----

UNITED STATES OF AMERICA.

TREASURY DEPARTMENT.

CERTIFICATES OF APPROVAL.

The Federal Land Bank of _____, as financial agent of the United States, does hereby certify that the application of _____, farmer of _____, dated _____, 1918, for a seed grain loan, has been duly approved for the sum of \$_____, and that said sum will be advanced to him, or on his written order, by this bank upon receipt of a certificate of the Department of Agriculture that _____ acres of land specifically described therein and included in said application have been properly planted, with proper seed, and upon the execution and delivery by him to this bank of a note securing the sum loaned, a chattel mortgage upon the crop planted on the lands described in said certificate, and a guaranty fund agreement, as required by Joint Circular No. 1, issued by the Treasury Department and the Department of Agriculture, embodying the Regulations Relative to Farmers' Seed Grain Loans in Drouth-Stricken Areas.

Dated at _____ this _____ day of _____, 1918.

THE FEDERAL LAND BANK OF _____,
As Financial Agent of the United States.

By _____

DEPARTMENT OF AGRICULTURE.

CERTIFICATE OF PLANTING.

I hereby certify that on the _____ day of _____ 1918, I investigated
the field of _____ farmer of _____
and that he has properly planted, and with proper seed, the following-described land situated
in the county of _____ State of _____
to wit: _____

comprising _____ acres.

Witness my hand this _____ day of _____, 1918.

(Official title.)

NOTE.—This certificate must describe specifically and with accuracy for use in the chattel mortgage to be given the particular lands on which the approved planting has been made. It must not include any land belonging to the farmer which has not been properly planted or the crops upon which are not intended to be mortgaged.

NOTE.

TREASURY DEPARTMENT.

Farmers' Seed Grain Loan.

The Federal Land Bank of -----

-----, 1918.
(Place.) (State.) (Date.)

On ----- 1st, 1919, after date, I promise to pay to The Federal Land Bank of
-----, as financial agent of the United States -----⁰⁰/₁₀₀
dollars, with interest at the rate of 6 per cent per annum, value received.

This note is secured by a chattel mortgage on growing crops, executed by the undersigned,
and bearing even date herewith.

(9) (Signature.)

GUARANTY FUND AGREEMENT.

This agreement, made this _____ day of _____, 1918, between _____, of _____, County of _____, State of _____, hereinafter called the Borrower, party of the first part, and The Federal Land Bank of _____, as financial agent of the United States, hereinafter called the Land Bank, party of the second part,

Witnesseth:

Whereas the Borrower has made application to the Land Bank under date of _____, 1918, pursuant to Circular No. 1, dated August 2, 1918, issued jointly by the Treasury Department and the Department of Agriculture, for an advance from the fund set apart for the aid of farmers in drouth stricken areas by the President of the United States, out of the appropriation for the national security and defense provided for under the act of Congress approved July 1, 1918, or from such other funds as may be appropriated or made available from time to time for the same purpose; and

Whereas pursuant to said application and simultaneously with the execution and delivery of this agreement the Borrower has received an advance of \$_____, and has executed and delivered to the Land Bank his promissory note payable _____ 1, 1919, for the amount of such advance, bearing interest at the rate of 6 per cent per annum, and a chattel mortgage as required by said circular, to secure the payment of said promissory note and the due performance of the obligations of the Borrower under this agreement; and

Whereas the advance by the Land Bank to the Borrower is made pursuant to a general plan outlined in said circular adopted for a public purpose by the United States in order to maintain food production by means of assistance to farmers in drouth stricken areas, and losses are likely to accrue to the United States and to the borrowers in the operation of said general plan by reason of local crop failures; and

Whereas it is to the public interest and to the interest of the borrowers who receive advances pursuant to said general plan that the risk of crop failures shall be distributed among such borrowers by establishing a guaranty fund to which every borrower whose crop mortgaged amounts to an average yield of 7 bushels per acre or more shall contribute:

Now, therefore, in consideration of the premises and of the mutual agreements herein contained, the Borrower and the Land Bank do agree as follows:

First. The Borrower agrees to pay to the Land Bank, if the crop mortgaged by the Borrower amounts to an average yield of 7 bushels per acre or more, as a contribution to said guaranty fund, fifteen (15) cents per acre mortgaged (not in excess of one hundred (100) acres) for each bushel per acre by which the average yield exceeds 6 bushels per acre: *Provided, however,* That the total of such payments shall not exceed seventy-five (75) cents per acre mortgaged. The sworn statement of the thresherman who threshes the Borrower's crop shall be conclusive evidence of such average yield per acre mortgaged in the absence of fraud. The Borrower agrees to make such payment to the Land Bank at the maturity of the note hereinbefore described.

Second. The Land Bank agrees that all payments made by the Borrower under article first part of this agreement, and all similar payments made by borrowers receiving advances pursuant to said general plan, into said guaranty fund shall be administered by the Federal Farm Loan Board, as provided in this agreement. Said guaranty fund shall be applied by the

Federal Farm Loan Board at such time or [times after the maturity of the notes given by borrowers receiving advances under said general plan as it shall deem feasible, to the payment pro rata of all notes given by borrowers receiving advances under said general plan whose crops mortgaged prove failures, as defined below, with the interest thereon, and in case by reason of payments made by any such borrower against his note the pro rata share applicable thereto shall be more than sufficient to discharge the same and the interest thereon, the excess amount of such pro rata share shall be paid to such borrower; and any balance of such guaranty fund shall be applied pro rata to borrowers who shall have paid in full their respective contributions to said guaranty fund as provided in article First of this agreement, to the extent of their respective contributions. The crop mortgaged of any borrower under said general plan shall be deemed a failure within the meaning of this agreement if the average yield per acre does not amount to more than 5 bushels. The average yield per acre shall be determined, in the absence of fraud, by the sworn statement of the thresherman threshing the crop, or by the certificate of a representative of the Department of Agriculture who has examined the crop in question, or, in the absence of such evidence, by such other evidence as shall be deemed sufficient by the Federal Farm Loan Board or representative designated by it for that purpose.

Third. The obligations of the Borrower under this agreement are several and independent and may be enforced by the Land Bank as financial agent of the United States without regard to the performance or nonperformance by any other borrower receiving advances pursuant to said general plan of his obligation under any similar agreement.

Fourth. Neither this agreement nor any interest therein, nor in the guaranty fund hereby established, is assignable.

In witness whereof, the Borrower has executed this agreement under his hand and seal, and the Land Bank has caused this agreement to be duly executed the day and year first above written.

----- [SEAL.]

THE FEDERAL LAND BANK OF-----,
As Financial Agent of the United States.

By -----

STATE OF-----

County of-----ss:

Acknowledged before me this ----- day of -----, 1918, and I certify that the said ----- is personally well known to me to be the identical person named in said agreement as the Borrower and who signed the same.

(Official title.)

NOTE.—This acknowledgment may be taken before any officer authorized to take acknowledgments under the laws of the State where executed, or an officer of a national bank, or of a bank designated by the Federal Land Bank of the district to represent it in taking applications for farmers' seed grain loans.



